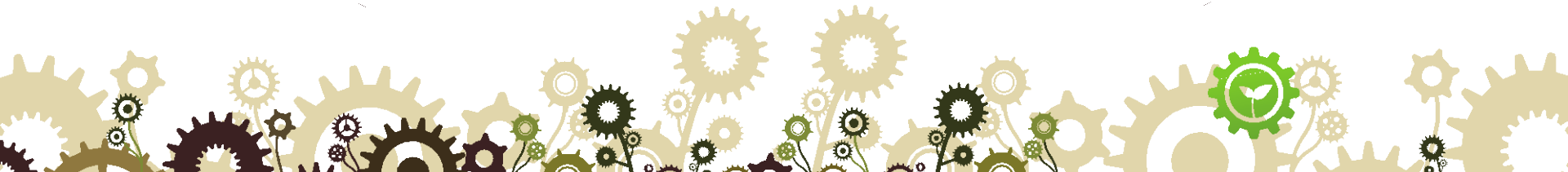


Experience of the Energy Efficiency Financial Institutions Group

An Insider's Reflection

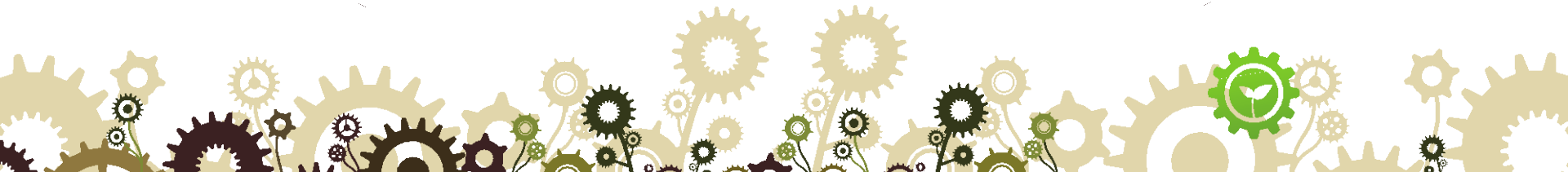
Rod Janssen
President
Energy Efficiency in Industrial Processes

Financing Energy Efficiency in
Central and South-Eastern Europe
Sofia, June 28, 2018



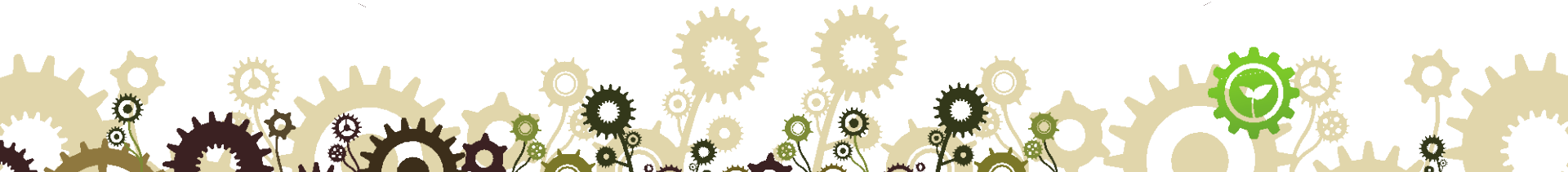
Please note

- Energy Efficiency in Industrial Processes joined EEFIG in 2014 to help provide input into the EEFIG report published in February 2015



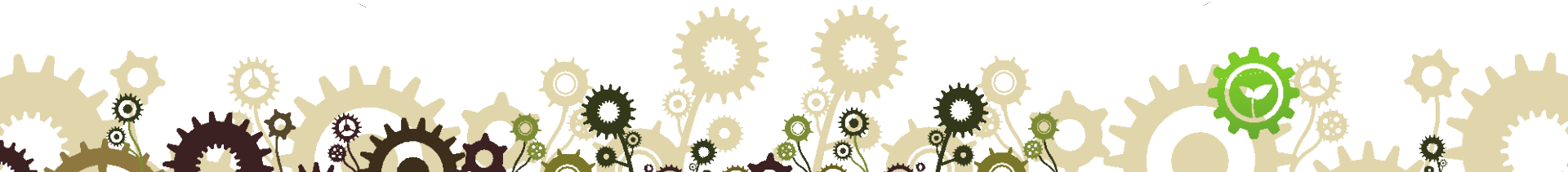
What is EFIG and why does it matter?

- EFIG was established in 2013 by the European Commission Directorate-General for Energy (DG Energy) and United Nations Environment Programme Finance Initiative (UNEP FI). It created an open dialogue and work platform for public and private financial institutions, industry representatives and sector experts to identify the barriers to the long-term financing for energy efficiency and propose policy and market solutions to them.
- EFIG has engaged 120 active participants from 100 organisations.



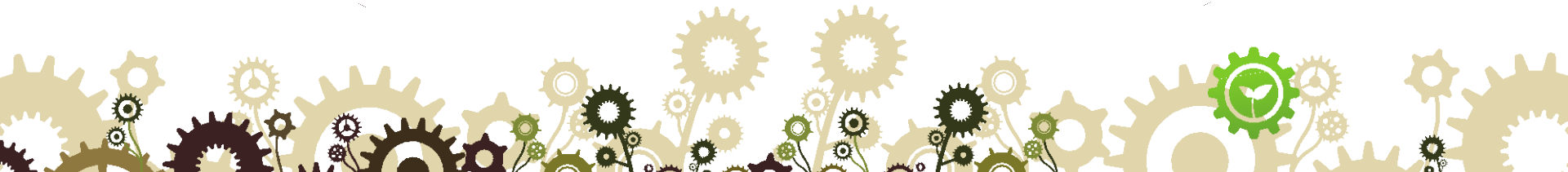
What is EEFIG and why does it matter?

- In February 2015 EEFIG presented its report "Energy Efficiency – the first fuel for the EU Economy: How to drive new finance for energy efficiency investments" which provided a significant advance in the understanding and knowledge about the issues of energy efficiency financing.
- Its recommendations for both the buildings and industry sectors are still being addressed by EEFIG, the EC, the G20 and many others



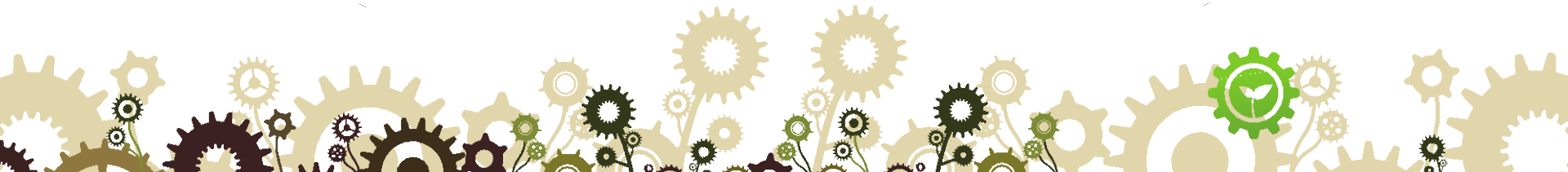
What is EFIG and why does it matter?

- Financial recommendations:
 - Development of a **common set of procedures and standards for energy efficiency and buildings renovation underwriting** for both debt and equity investments;
 - Adjustment to **financial regulatory frameworks** to better support capital market innovation, ensure that risk assessment and related capital requirements for long-term energy efficiency investments correctly reflect their risks and develop market potential for green bonds, citizen financing, factoring funds for Energy Performance Contracts and other more innovative sources of financing for energy efficiency;
 - Address barriers to expanding the **green mortgage market**, including by examining how to include energy costs and energy efficiency potential in mortgage affordability calculations;
 - Ensure that new regulatory frameworks for financial institutions (Solvency II and Basel III) do not prejudice energy efficiency investments;
 - Ensure **that public technical assistance and project development** assistance facilities are compatible and can be easily combined with market-based and concessional funding by qualified and experienced financial institutions;
 - Ensure that **public refinancing facilities**, like those operated by the European Central Bank, confirm eligibility for financial instruments relating to energy efficiency.



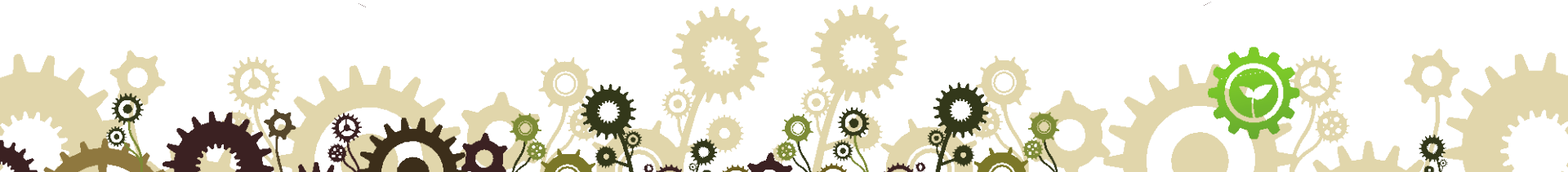
Why we have and need EFIG

- It is essential to reach out to the financial community to be active in addressing our low-carbon energy transition. This is particularly important for energy efficiency, where financial institutions have traditionally had less exposure and capacity to analyse the creditworthiness of energy efficiency measures



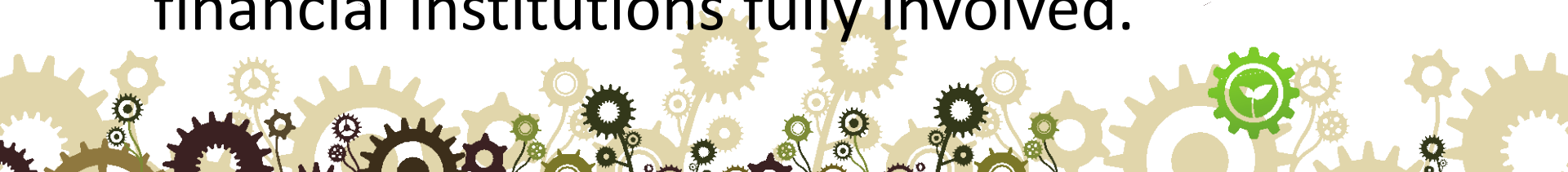
The main elements of EEFIG

- The 2015 report was the culmination of the first phase.
- The second phase was largely based on two main deliverables:
 - On 30th November 2016, EEFIG's De-risking Energy Efficiency Platform (DEEP) was launched with over 7,800 projects in an open-source, pan-EU database to improve the sharing and transparent analysis of existing energy efficiency projects in Buildings and Industry.
 - On 22 June 2017 the EEFIG Underwriting Toolkit was launched. The toolkit is aimed specifically at financial institutions that are looking at ways to design better financial products for energy efficiency investment projects.



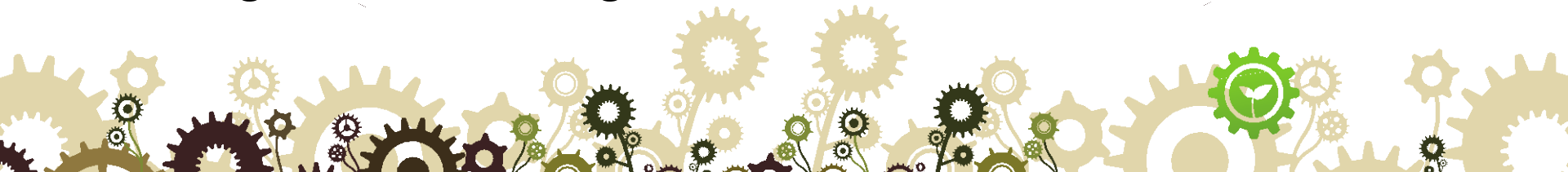
How EFIG contributes to Europe's low-carbon energy transition

- There has just been an agreement for a 32.5% energy savings in EU to 2030. While lower than many had wanted, it is an ambitious target that needs the efforts of all of us
- It also requires significant investment. Thus, it is essential that the financial community be fully committed and fully ready. EFIG is only one – but an important – way of getting the financial institutions fully involved.



What lies ahead

- EEFIG 3.0 will be rolled out later this year. The EC is deciding on a new consortium to lead the work.
- The DEEP database and the underwriter's guide will be key elements. Undoubtedly, they have to be used by a wider audience throughout all regions of the EU
- There is a need for sectoral stakeholders to continue discussing issues with the financial community, the Commission and UNEP-FI
- There cannot be a reliance on legislation alone. It is fundamental that non-legislative initiatives such as EEFIG bring stakeholders together.



Thank you!

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